

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

MARKET TEST OF EXPERIMENTAL PRODUCT –
CUSTOMIZED DELIVERY

Docket No. MT2014-1

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 4**
(July 22, 2015)

The United States Postal Service hereby provides notice of filing responses to Chairman's Information Request (CHIR) No. 4, which was issued on July 15, 2015. Responses were due by July 22, 2015. Each question is reprinted verbatim and is followed by the Postal Service's response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE
By its attorneys:

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July 22, 2015

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REQUEST:

In accordance with Order No. 2224,¹ please provide the following information:

1. Examples of businesses that offer similar products or services in the New York City metropolitan area.
2. The range of prices these businesses charge for similar products and services.
3. A description of the impact of the expansion on small business concerns.

RESPONSE:

1. Currently, there are a variety of grocery delivery services operating in the New York City metropolitan area. The business models for these services vary. Some companies offer a wide variety of products for consumers while others focus on specific niches, such as organic products. There are several firms within the New York City metropolitan area that offer a range of products for in-home delivery, including Fresh Direct, Amazon Fresh, Instacart, and Peapod. The market for grocery delivery is emerging rapidly, with several companies already established in the market, and others looking to enter the market in the near future.

2. These firms offer several different prices, often depending on order value. Delivery fees can range from \$3.99-\$15.99. Some companies have additional fuel surcharges, minimum order requirements, or membership/subscription requirements.

- Fresh Direct delivery charges range from \$5.99-\$7.99 with a \$30 minimum order.
- Amazon Fresh offers free delivery to Amazon Prime members. Free shipping for orders over \$50.

¹ Order Authorizing Customized Delivery Market Test, October 23, 2014, at 13 (Order No. 2224).

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- InstaCart delivery charges range from \$3.99-\$9.99, or free with a membership of \$99 annually.
- Peapod requires a \$60 minimum order with delivery fees ranging from \$6.95-\$9.95. A fuel surcharge is added when gas prices exceed a certain threshold.

3. The Postal Service did not perform market research to this level of detail, but expects the prices offered by small businesses in this market are comparable to the price range offered by the Postal Service through this market test and by larger grocery delivery firms. These courier services already compete with existing retail grocery stores and larger firms, so the Postal Service does not expect its entry into this emerging market will have a significant impact on these smaller firms.